

House Study Bill 184

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL
BY CHAIRPERSON THOMAS)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the availability of and eligibility for
2 investment tax credits, eliminating the venture capital
3 investment tax credit, and including retroactive applicability
4 and other applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 1921HC 83
7 tw/mg:sc/14

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1 1 Section 1. Section 15E.43, subsection 4, Code 2009, is
1 2 amended to read as follows:
1 3 4. ~~The Beginning with the fiscal year beginning July 1,~~
1 4 ~~2009, the aggregate amount of tax credits issued pursuant to~~
1 5 ~~this division shall not exceed a total of ten two million~~
1 6 ~~seven hundred thousand dollars. The total amount of tax~~
1 7 ~~credits issued during the fiscal year beginning July 1, 2002,~~
1 8 ~~shall not exceed three million dollars. The total amount of~~
1 9 ~~tax credits issued during the fiscal year beginning July 1,~~
1 10 ~~2003, shall not exceed three million dollars. The total~~
1 11 ~~amount of tax credits issued during the fiscal year beginning~~
1 12 ~~July 1, 2004, shall not exceed four million dollars. Any~~
1 13 ~~amount of the maximum aggregate limit amount of tax credits~~
1 14 ~~that have has not been issued by June 30, 2005 2010, may be~~
1 15 ~~issued in any subsequent fiscal year. Not more than three one~~
1 16 ~~million dollars of tax credits may be issued in any one~~
1 17 ~~subsequent fiscal year.~~
1 18 Sec. 2. Section 15E.44, subsection 2, paragraphs d and e,
1 19 Code 2009, are amended to read as follows:
1 20 d. The business is not a business engaged primarily in
1 21 retail sales, real estate, or the provision of health care or
1 22 other ~~professional services requiring a professional license.~~
1 23 e. The business shall not have a net worth that exceeds
1 24 ~~ten five million dollars.~~
1 25 Sec. 3. Section 422.33, subsection 13, Code 2009, is
1 26 amended by striking the subsection.
1 27 Sec. 4. Section 422.60, subsection 6, Code 2009, is
1 28 amended by striking the subsection.
1 29 Sec. 5. Section 533.329, subsection 2, paragraph i, Code
1 30 2009, is amended by striking the paragraph.
1 31 Sec. 6. Sections 15E.51, 422.11G, and 432.12B, Code 2009,
1 32 are repealed.
1 33 Sec. 7. RETROACTIVE APPLICABILITY.
1 34 1. Except as provided in subsections 2 and 3, this Act
1 35 applies retroactively to January 1, 2009, for tax years
2 1 beginning on or after that date.
2 2 2. The sections of this Act amending sections 15E.43 and
2 3 15E.44 apply to fiscal years beginning on or after July 1,
2 4 2009.
2 5 3. Taxpayers who have received venture capital fund
2 6 investment tax credit certificates pursuant to section 15E.51
2 7 may continue to redeem such certificates until depleted.
2 8 EXPLANATION
2 9 This bill relates to the availability of, and eligibility
2 10 for, tax credits for business investment and seed capital
2 11 contributions.
2 12 Currently, Code section 15E.43 provides for a tax credit
2 13 for a taxpayer's equity investment in a business and Code
2 14 section 15E.51 provides a tax credit for a portion of a
2 15 taxpayer's investment in a venture capital fund. The tax
2 16 credits for business investment are subject to a maximum

2 17 aggregate limit of \$10 million and no more credits can be
2 18 issued without exceeding this limit. The tax credits for
2 19 venture capital investment are subject to a maximum aggregate
2 20 limit of \$5 million, but \$2.7 million of these tax credits
2 21 remains unissued.

2 22 The bill repeals the venture capital investment tax credits
2 23 and sets the maximum aggregate limit for business investment
2 24 tax credits at \$2.7 million beginning with the fiscal year
2 25 beginning July 1, 2009, which equals the amount of unissued
2 26 venture capital tax credits.

2 27 Currently, the amount of tax credits for business
2 28 investment that may be issued in any one fiscal year is
2 29 limited to \$3 million. The bill changes this limit to \$1
2 30 million.

2 31 Currently, a business that engages primarily in
2 32 "professional services" does not meet the requirements of a
2 33 qualifying business for purposes of the business investment
2 34 tax credit. The bill specifies that it is businesses
2 35 performing services "requiring a professional license" that
3 1 are not eligible as a qualifying business.

3 2 Currently, in order to be eligible for a tax credit for
3 3 business investment, a taxpayer must be a qualifying business.
3 4 Among other things, a qualifying business must have a net
3 5 worth of \$10 million or less. The bill provides that a
3 6 qualifying business must have a net worth of \$5 million or
3 7 less.

3 8 The bill makes changes to the Code in conformance with the
3 9 repeal of the venture capital fund investment tax credit.

3 10 The sections of the bill amending provisions relating to
3 11 the investment tax credits apply to fiscal years beginning on
3 12 or after July 1, 2009. The sections of the bill relating to
3 13 the repeal of the venture capital fund investment tax credit
3 14 apply retroactively to January 1, 2009, for tax years
3 15 beginning on or after that date.

3 16 LSB 1921HC 83
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